

Federal Communications Commission  
Washington, DC 20554

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January 7, 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Lynn Shapiro Starr  
Executive Director  
Federal Relations  
Ameritech Corp.  
Suite 1020  
1401 H Street, N.W.  
Washington, DC 20005

Re: CC Docket No. 98-141  
Request for Documentary Material

Dear Ms. Starr:

As a follow-up to presentations to the Commission by Ameritech Corporation ("Ameritech") regarding Ameritech's proposed merger with SBC Communications Inc. ("SBC"), the Common Carrier Bureau staff requests the supplemental information listed below. In addition, as a result of staff review of documents that Ameritech filed with the Department of Justice, we ask that specific documents identified below be entered into the record in CC Docket No. 98-141. These requests for information and documentation are intended to assist us in considering your application for Commission approval of the proposed transfer of control to SBC of licenses and authorizations controlled or requested by Ameritech or its affiliates or subsidiaries. These requests extend to Ameritech and its affiliates and subsidiaries, and cover all forms of documentation, including all electronic versions and any copies with notations. In order to expedite consideration of your application, please respond to the following requests pertaining to this proposed merger by February 2, 1999.

When responding to the following document requests, please ensure that all documents specify the date on which they were generated. In addition, when producing the documents to the Common Carrier Bureau staff, please categorize the documents in such a way as to indicate which of the following requests a given set of documents is intended to satisfy. For example, all documents responding to Question 1 should be so marked and separated from the sets of documents responding to subsequent requests.

Out-of-Region Entry Activities

1. Please provide copies of all signed interconnection agreements between Ameritech and other incumbent local exchange carriers (ILECs) that were completed in connection with Ameritech's attempts to enter out-of-region local exchange and exchange access markets. Please indicate which of these agreements were standard interconnection agreements based on a Statement of Generally Available Terms (SGAT) pursuant to section

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252(f) of the Communications Act and which agreements were based on section 252(i). To the extent that any of the provisions in these agreements were not based on either sections 252(f) or 252(i), please identify those provisions.

2. On October 13, 1998, Ameritech filed in CC Docket No. 98-141 a list of all states in which it had obtained, or was in the process of obtaining, state certifications to provide local exchange or exchange access service as of the time the proposed merger between SBC and Ameritech was announced.

(a) With regard to the states on this list, please indicate for which states Ameritech was required to file a proposed business plan in connection with its certification application.

(b) Please provide copies of all business plans that Ameritech filed in connection with its state certification applications.

3. Please provide all documents in your possession relating to any pre-merger plans and considerations by Ameritech after February 8, 1996 to provide local exchange, exchange access, or interLATA service outside its current region.<sup>1</sup> This request includes all studies, charts, and memoranda relating to market conditions, entry strategies or entry barriers in those out-of-region areas.

In particular, please provide:

(a) All documents in your possession regarding Ameritech's use of shared transport or combinations of network elements (including loop, switch, and transport) as an out-of-region entry strategy.

(b) All documents regarding Ameritech's possible provision of facilities-based (i.e., through the use of facilities owned or leased by Ameritech) out-of-region local exchange, exchange access, or interLATA service. Please include any documents associated with Ameritech's Managed Local Access offering.

(c) Please provide all documents in your possession relating to the costs and revenues associated with providing out-of-region small business and residential customers local and interLATA services.

4. As of May 10, 1998,<sup>2</sup> please describe the level of progress that Ameritech had

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<sup>1</sup> The current Ameritech region is defined as the portions of the 5 states (Illinois, Indiana, Michigan, Ohio, and Wisconsin) served by Ameritech as a local exchange carrier. *See* 47 U.S.C. § 153(26).

<sup>2</sup> The Agreement and Plan of Merger between SBC and Ameritech is dated May 10, 1998. *See*, Agreement and Plan of Merger Among Ameritech Corporation, SBC Communications Inc., and SBC Delaware, Inc. (Dated as of May 10, 1998), Attachment to Merger of SBC Communications Inc. and Ameritech

made in building any operations support systems (OSS) interfaces that would enable it to access SBC's OSS functions (i.e., pre-ordering, ordering, provisioning, repair and maintenance, and billing) to obtain resold services, unbundled network elements, and number portability. Please provide all documents in your possession regarding the building of such OSS interfaces.

5. To the extent that Ameritech had commenced its development of any interfaces to access SBC's OSS, please explain which SBC interfaces Ameritech was building toward (e.g., EDI or Verigate).

6. To the extent that Ameritech had conducted any tests accessing SBC's OSS systems, please specify the nature (e.g., which interface was tested), scope (e.g., stages of testing -- initial, beta), duration, and results of any such tests. Please provide all documents in your possession regarding such tests, including any documents associated with the discontinuance of such tests.

7. Please describe, and provide all documents concerning, the status of Ameritech's development of its own internal back office systems to provide local exchange service in the SBC region. Any such description should include an explanation of the extent to which Ameritech had developed its own billing system, inventory management system, and any other customer care functions.

8. Please state, and provide all documents in your possession concerning, whether Ameritech at any time filed, or considered filing, a complaint with a state regulatory commission regarding SBC's provision of local exchange services and facilities to Ameritech.

9. Please describe in detail the number, and type, of out-of-region telecommunications facilities that Ameritech owns, or did own at the time of the merger announcement, that could be used to provide wireline local or interLATA telecommunications service.

10. To the extent that Ameritech owns, or did own at the time of the merger agreement, any out-of-region facilities that are, or were, being used for the provision of wireless services, please explain whether any of these facilities could be converted for the provision of wireline services. To the extent that such a conversion could be made, please describe which facilities could be converted and the costs associated with such a conversion. Please provide all documents in your possession regarding such a conversion.

11. Please explain whether any of the facilities associated with Ameritech's provision of telecommunications service (i.e., wireless or wireline service) in areas that are contiguous to those of other ILECs (e.g., St. Louis) could be converted for the provision of

wireline service in the neighboring ILEC's region. Please describe the costs associated with such a conversion. Please provide all documents in your possession regarding such conversions.

12. Please provide all documents in your possession associated with SBC's entry into the Ameritech region to provide local exchange, exchange access, or interLATA service.

Brand Name Awareness

13. Please provide all documents in your possession regarding the level of familiarity that potential business and residential customers located outside of the current Ameritech region have with the Ameritech brand name. In addition, please provide all documents in your possession concerning the willingness of these customers to purchase local or interLATA wireline services from companies with the Ameritech brand name.

In particular, please include all documents in your possession regarding the level of familiarity that potential business and residential customers have with Ameritech's brand name in the St. Louis area. Please also include all documents in your possession comparing the appeal and familiarity of Ameritech's brand name with that of other carriers in the St. Louis area.

14. Please provide all documents in your possession regarding the level of familiarity that potential business and residential customers located outside the current SBC region<sup>3</sup> have with the SBC, SWBT/Southwestern Bell, PacTel/PacBell/Pacific Bell, or SNET/Southern New England Telecommunications brand names. In addition, please provide all documents in your possession concerning the willingness of these customers to purchase local or interLATA wireline telecommunications services from companies with the brands listed above (or any other brands that those companies may offer).

In particular, please include all documents in your possession regarding the appeal and familiarity of the Cellular One brand name in the Chicago area. Please also include all documents in your possession comparing the appeal and familiarity of the Cellular One brand name with that of other carriers in the Chicago area.

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<sup>3</sup> The current SBC region is defined as the portions of the 8 states served by Southwestern Bell Telephone Co. ("SWBT") (Texas, Missouri, Oklahoma, Kansas, and Arkansas), Pacific Bell (California), Nevada Bell (Nevada), and Southern New England Telecommunications Corp. ("SNET") (Connecticut) as local exchange carriers. See 47 U.S.C. § 153(26).

### Demand for End-to-End Telecommunications Services

15. The SBC and Ameritech Joint Opposition states that large business customers demand seamless, bundled, end-to-end telecommunications services on a national and global scale.<sup>4</sup>

(a) Please provide all documents in your possession regarding the demand patterns of large business customers for telecommunications and information services.<sup>5</sup> Please include any independent market research studies (other than the Yankee Group study provided to Commission staff on December 18, 1998) of business customer demand and spending patterns for telecommunications and information services.

(b) Please provide all documents in your possession (exclusive of request-for-proposals ("RFP") materials),<sup>6</sup> regarding how any current perceptions that large business customers have about Ameritech's ability individually to provide service out-of-region may change as a result of the merger with SBC. Include any documents concerning how large business customers might respond to approaches by SBC or Ameritech individually in the 15 out-of-region markets outlined in Dr. Carlton's affidavit.<sup>7</sup>

(c) Please provide a list of all carriers that, to Ameritech's knowledge, currently provide or market to business customers the type of end-to-end service that the combined SBC-Ameritech intends to provide under the National-Local Strategy. To the extent that Ameritech has such information, please state the estimated percentage of SBC's and Ameritech's customers that have been lost to these competitors.

(d) Please provide all documents in your possession regarding the extent to which businesses own the facilities contained in their private or intracorporate networks. In addition, please provide any documents in your possession regarding the extent to which business customers rely on in-house telecommunications experts/managers for the purchase and management of services and facilities associated with their intracorporate networks.

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<sup>4</sup> See Joint Opposition of SBC Communications Inc. and Ameritech Corporation to Petitions to Deny and Reply to Comments (filed Nov. 16, 1998) ("Joint Opposition") at 2-4 & n.4.

<sup>5</sup> In responding to this question, please note that in Question 17 below we request information about the total annual telecommunications expenditures of the top 224 Fortune 500 companies located in the combined SBC-Ameritech region.

<sup>6</sup> See Question 16 regarding RFP materials.

<sup>7</sup> Description of the Transaction, Affidavit of Dennis W. Carlton ("Carlton Aff.") at 18 (Table 1).

16. The Description of the Transaction states that SBC and Ameritech have concluded that "we need to be everywhere our customers are, and be able to provide [our customers] with the latest technologies, features and common suites of services at all of their locations."<sup>8</sup>

- (a) Please provide copies of all RFPs in your possession from existing or potential business customers that would indicate the types of networks and services that these customers demand.
- (b) Please provide any RFPs concerning the provision of telecommunications and information services for which Ameritech submitted a bid or considered submitting a bid, any memoranda associated with those RFPs, and the names of any contact persons at the companies that issued the RFPs.
- (c) In instances where Ameritech has the information, please indicate the company or companies that were selected for those RFPs for which Ameritech submitted bids.

17. The following questions concern the telecommunications expenditures of companies located within the combined SBC-Ameritech region.

- (a) Please provide a list of all the 224 Fortune 500 companies referred to in the Description of the Transaction about which you have information concerning their total annual telecommunications expenditures.<sup>9</sup>
- (b) With regard to the companies listed in response to Question 17(a) above, please provide all documents in your possession regarding the total annual telecommunications expenditures of these companies. To the extent it is available, please provide a breakdown of this figure by company, rather than an average figure for all companies.
- (c) Please provide all documents in your possession regarding how the companies listed in response to Question 17(a) above, allocate their total annual telecommunications expenditures amongst different services (e.g., 30 percent annually devoted to local, 20 percent annually devoted to interLATA service).
- (d) Please provide all documents in your possession regarding which portion of the telecommunications expenditures of the companies listed in response to Question 17(a) is devoted to in-region services currently provided by either SBC or Ameritech and

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<sup>8</sup> Description of the Transaction at 4.

<sup>9</sup> In this context, the term "telecommunications expenditures" includes both local and interLATA "telecommunications services" and local and interLATA "information services," as those terms are defined by the 1996 Act.

which portion is provided by other carriers. To the extent possible, please provide the names of the other carriers used by the individual companies listed in Question 17(a), and state which services these carriers provide.

(e) Please identify whether any of the companies listed in response to Question 17(a) has a long-term contract with a telecommunications provider and, if so, specify when the contract expires.

(f) Please provide the contact names and telephone numbers of the in-house experts/managers overseeing the telecommunications needs of the 15 largest business customers in the current Ameritech region.

#### Ameritech Investment Projects

18. Viewing Ameritech's international (including wireless operations, acquisitions of foreign carriers, and cable television operations), cable television, and out-of-region wireless activities during the last ten years as three separate investment projects, please provide the time profiles and cash flows<sup>10</sup> associated with each of these projects over the last ten years.

19. In his Reply Affidavit, Jack B. Grubman compares the dilutive effects that would arise if the National-Local Strategy were pursued by SBC independently with the effects of pursuing the Strategy after a merger with Ameritech.<sup>11</sup>

(a) Please apply Mr. Grubman's methodology to the three investment projects described in Question 18 above. Please provide all documents showing the dilutive effects, based on Mr. Grubman's methodology, for the three investment projects described in Question 18.

#### Documents Submitted to the Department of Justice:

In addition to the above documents, please provide copies of the documents beginning with the following stamp numbers that were submitted by Ameritech to the Department of Justice:

1. Document No. AC 25
2. Document No. AC 50

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<sup>10</sup> In this context, the value of the cash flow should include any investments associated with the given project.

<sup>11</sup> Reply Affidavit of Jack B. Grubman at ¶ 8.

3. Document No. AC 95
4. Document No. AC 105
5. Document No. 145
6. Document No. AC 158
7. Document No. AC 180
8. Document No. AC 557
9. Document No. AC 701
10. Document No. AC 851
11. Document No. AC 1231.

Requested documents that contain material deemed proprietary or confidential should be filed with the Commission pursuant to the protective order adopted in this proceeding.<sup>12</sup> In addition to the procedures set forth in that order, please note that the process for filing documents containing proprietary or confidential materials is outlined in the following paragraph.

A party filing a confidential document must deliver in person one copy of the confidential document to Radhika Karmarkar at 1919 M Street, Room 544. In addition, the party must file with the Secretary's Office one copy of the entire confidential document and two copies of the confidential document in redacted form, each with an accompanying cover letter. The confidential document and accompanying cover letter should be stamped "Confidential -- Not for Public Inspection." The two copies of the redacted document and their accompanying cover letters should be stamped "Redacted -- For Public Inspection." The cover letters accompanying both sets of documents should state that the party is filing a confidential document and a redacted version of that document. Other than having different stamps (i.e., "Confidential -- Not for Public Inspection" or "Redacted -- For Public Inspection"), the cover letter should be the same for the confidential and the redacted copies. The documents to be filed with the Secretary's Office should be delivered in person at 445 12th Street, S.W., Room TW-B204 to: (i) Magalie Roman Salas, Secretary; or in her absence (ii) William F. Caton, Deputy Secretary; or in his absence (iii) Ruth A. Dancey, Assistant Secretary.

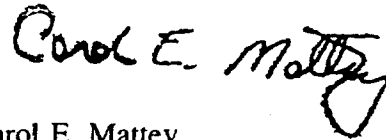
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<sup>12</sup> *In the Matter of Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from Ameritech Corporation to SBC Communications Inc.*, Order Adopting Protective Order, CC Docket No. 98-141, DA 98-1952 (rel. Oct. 2, 1998).



In order to expedite the Commission's review of the application for consent to transfer of control, Ameritech should file documents responsive to the staff's requests as they are identified, rather than waiting for all to be prepared for submission. Ameritech should provide all requested information and documents by February 2, 1999. If you have any questions regarding these requests, please contact Radhika Karmarkar at 418-1628.

Sincerely,

A handwritten signature in black ink that reads "Carol E. Matthey". The signature is written in a cursive style with a large, stylized "M" at the end.

Carol E. Matthey  
Chief, Policy and Program Planning Division  
Common Carrier Bureau